

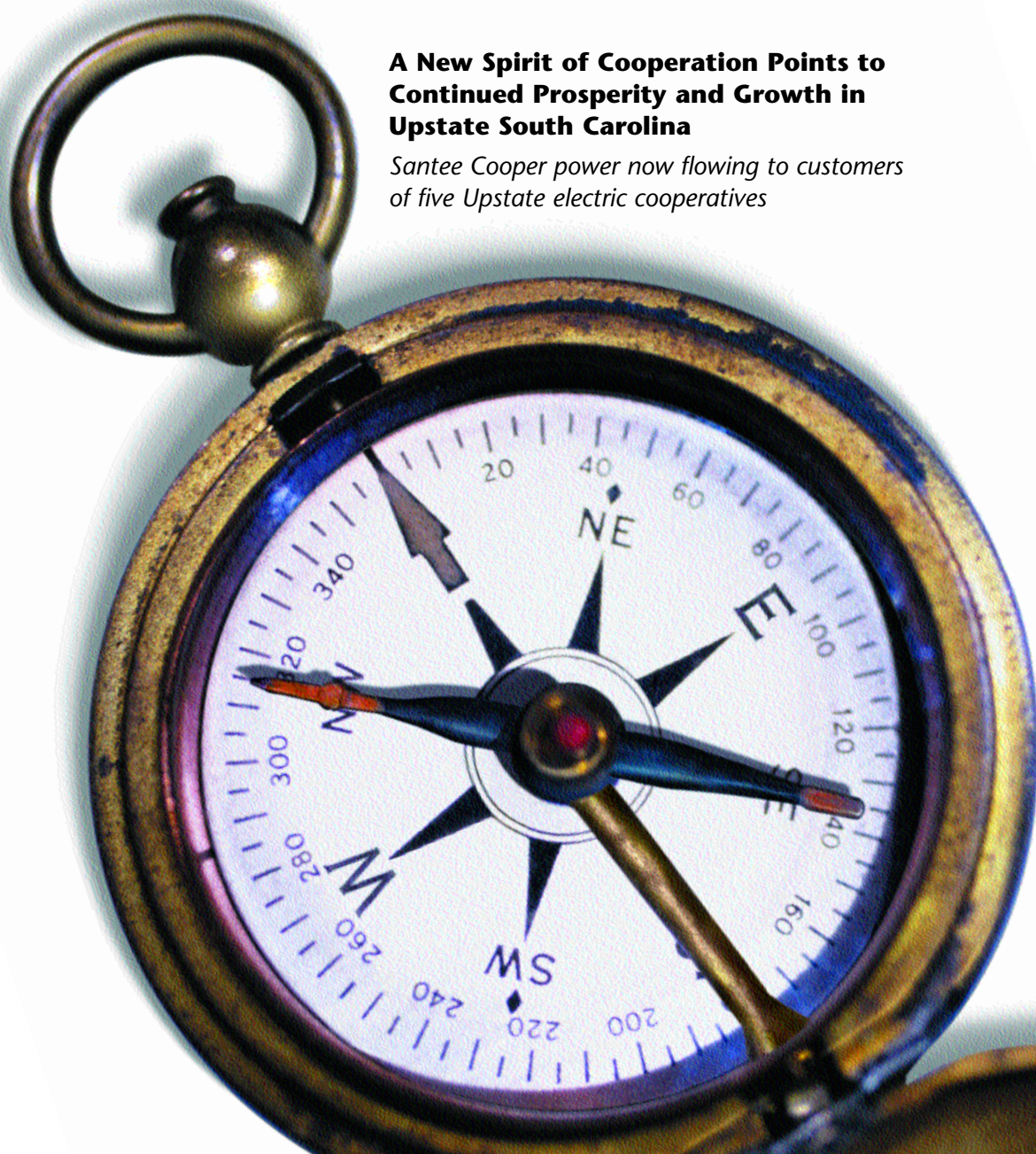
POWER SOURCE

A Corporate Publication of Santee Cooper

SUMMER 2001

A New Spirit of Cooperation Points to Continued Prosperity and Growth in Upstate South Carolina

Santee Cooper power now flowing to customers of five Upstate electric cooperatives



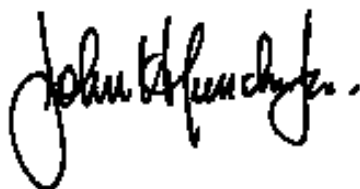
POWER BEHIND THE PEOPLE OF SOUTH CAROLINA

South Carolina prides itself on a rich history and advancing technology, with diverse employment and preferred places to live, work and do business. It faces an exciting future filled with increased opportunities for growth, expansion and improved quality of life.

With its robust environment and recreational amenities, South Carolina's great diversity of resources and lifestyle options make it a prime destination for newcomers, tourists and visitors.

South Carolina is also an energy-enriched state with power rates among the lowest in the nation, reliability higher than the national average and a growing infrastructure of generation and transmission resources. This is quite a contrast to the critical energy dilemma being experienced in California and the Northwest.

Energy, in fact, is the major resource that allowed South Carolina to emerge from the darkness of the Great Depression



and become one of the leading states in the Southeast in terms of growth and development for both business and industry.

Santee Cooper, South Carolina's state-owned electric and water utility, has been a leader in providing the energy essential for much of the Palmetto State's economic growth and development for almost 60 years. Santee Cooper's low-cost power has attracted new industry and business to the state, resulting in thousands of jobs and an economic impact measured in billions of dollars.

Santee Cooper was envisioned through enabling legislation in 1934 as a source of power and other services "for the benefit of all the people of the state, for the improvement of their health and welfare and material prosperity." In order to accomplish



*John H. Tiencken Jr.
President and Chief Executive Officer*

that mandate, Santee Cooper has remained mission-driven since its inception.

Through PowerSource, our new corporate magazine, we look forward to sharing information with you about how Santee Cooper is working to provide that service to our customers, to those served by the state's 20 electric cooperatives and to all the citizens of South Carolina.

As you may see the names "Santee Cooper" and "Power" displayed together on our ads and utility vehicles and signs identifying our generation and power delivery facilities, I hope they remind you that we are here to serve the people of South Carolina. Please let us know if we can answer your questions or be of service in any way.



Corporate Communications, Santee Cooper, One Riverwood Drive, Moncks Corner, SC 29461-2901.
Phone: (843) 761-4052 Email: jlstaffo@santeecooper.com

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*Editor — Jerry Stafford
Senior Writer — Willard Strong
Writer — Beth Fondren
Photo Editor — Jim Huff
Design — NS&G*



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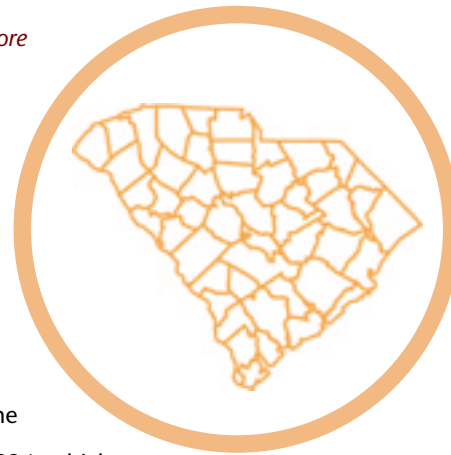
Santee Cooper: The Power Source for All of South Carolina

As New Year's Eve viewers watched the giant, sparkling sphere descend upon Times Square in New York City and as clocks struck midnight across the state, several clicks of a computer's mouse at Santee Cooper's Energy Control Center in Moncks Corner sent electricity flowing through five Upstate electric cooperatives to more than 160,000 customers. At that moment of the "real" new millennium, Santee Cooper became the largest provider of power in South Carolina.

Jan. 1, 2001 marked a milestone in Santee Cooper's 67-year history.

"We've just added 160,000 new meters spinning with Santee Cooper power," said Bill McCall, executive vice president and chief operating officer of the state-owned electric and water utility. "This means Santee Cooper is truly a statewide utility. From a historical perspective, this fulfills the

intent of our enabling legislation passed by the General Assembly in 1934, which states Santee Cooper is 'for the benefit of all the people of the state, for the improvement of their health and welfare and material prosperity.'"



Through 17,890 miles of electric co-op distribution lines, Santee Cooper power was flowing for the first time into eight South Carolina Upstate counties.

How Santee Cooper Power got to the South Carolina Piedmont

While the final moments before power began flowing to the Upstate may seem simple, the preparation leading up to New Year's Day was not. Eighty-nine meter points, with backups, were put into service to ensure things went smoothly during the switchover. The story is one of continuing cooperation between the state's electric cooperatives and Santee Cooper.

On May 6, 1999, an agreement was signed in Washington, D.C. between electric cooperative and Santee Cooper officials. To understand the agreement, one must first know that Santee Cooper does not sell power directly to the 20 electric cooperatives in South Carolina that serve customers.

These "distribution cooperatives," as they are called, buy power from a wholesale power supplier. In the case of the five

Upstate cooperatives, that supplier is Saluda River Electric Cooperative. Based in Laurens, Saluda River is a "generation and transmission cooperative," or G&T, and sells power directly to the five distribution cooperatives comprising Saluda River's membership.

Saluda River is also a co-owner of Duke Energy Corp.'s Catawba Nuclear Station in York County. It was from Duke, under a

long-term power contract, that Saluda River procured nearly all of its energy needs prior to the Jan. 1 switchover to Santee Cooper. Under that contract, Saluda River had the right to notify Duke it would not renew the contract when it expired in 2001. This was done in early 1999, and Saluda River began

The electric cooperatives that began receiving Santee Cooper power this year are:

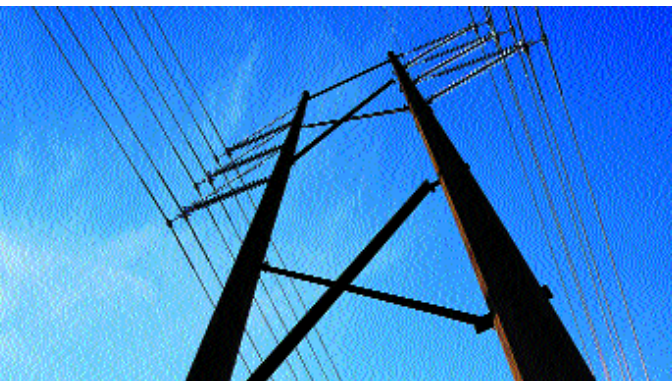
Blue Ridge Electric Cooperative — headquartered in Pickens. Active Accounts — 55,264, with 5,943 miles of distribution lines and serving customers in Anderson, Greenville, Oconee, Pickens and Spartanburg counties.

Broad River Electric Cooperative — headquartered in Gaffney. Active Accounts — 17,561, with 2,398 miles of distribution lines and serving customers in Cherokee, Newberry, Spartanburg and Union counties in South Carolina. Additional customers are served in Cleveland, Polk and Rutherford counties in North Carolina.

Laurens Electric Cooperative — headquartered in Laurens. Active Accounts — 43,211, with 5,277 miles of distribution lines and serving customers in Abbeville, Anderson, Greenville, Laurens, Newberry, Spartanburg and Union counties.

Little River Electric Cooperative — headquartered in Abbeville. Active Accounts — 30,833, with 2,910 miles of distribution lines and serving customers in Abbeville, Anderson, Greenwood and McCormick counties.

York Electric Cooperative — headquartered in York. Active Accounts — 55,264, with 5,943 miles of distribution lines and serving customers in Cherokee, Chester, Lancaster and York counties.





Charles L. Compton, President and Chief Executive Officer, Saluda River Electric Cooperative

negotiating with Santee Cooper for its power needs. This culminated with the 1999 signing agreement.

Santee Cooper Supplying Electricity to Cooperatives Has Long History

Even before the Saluda River agreement, Santee Cooper has a half-century record of service to the state's electric cooperatives. In 1948, 14 electric cooperatives formed Central Electric Power Cooperative. This generation and transmission cooperative applied to the Rural Electrification Administration (now the Rural Utilities Service) for low-interest loans to construct transmission lines that would allow Santee Cooper-generated power to flow to their members.



A construction worker inspects conductors on the 30-mile transmission-line circuit connecting Rainey Station with Greenwood County Switching Station.

Despite court challenges from an investor-owned electric utility, in 1949 the S.C. Supreme Court ruled in favor of Santee Cooper and Central. The dream of transmitting low-cost Santee Cooper power

to areas of the state still without access to electricity could proceed. With the later addition of Berkeley Electric Cooperative, Central sells Santee Cooper-provided power to its 15-member

South Carolina's Electric Cooperatives Delivering Santee Cooper Power

Co-op	Consumers Served	Distribution Lines (Miles)	Consumers per mile	Headquarters	Counties Served
Aiken	38,601	4,786	8.00	Aiken	Aiken, Barnwell, Calhoun, Edgefield, Greenwood, Lexington, McCormick, Orangeburg and Saluda
Berkeley	63,200	4,310	14.70	Moncks Corner	Berkeley, Charleston and Dorchester
Black River	26,759	3,531	7.60	Sumter	Clarendon, Kershaw, Lee and Sumter
Blue Ridge	55,264	5,943	9.30	Pickens	Anderson, Greenville, Oconee, Pickens and Spartanburg
Broad River	17,561	2,398	7.30	Gaffney	Cherokee, Newberry, Spartanburg, and Union, SC; Cleveland, Polk and Rutherford, NC
Coastal	10,349	1,537	6.67	Walterboro	Bamberg, Colleton and Dorchester
Edisto	17,900	3,159	5.70	Bamberg	Allendale, Bamberg, Barnwell, Berkeley, Colleton, Dorchester, Hampton and Orangeburg
Fairfield	19,694	2,736	7.20	Winnsboro	Fairfield, Chester, Kershaw, Richland and York
Horry	42,154	3,842	11.00	Conway	Horry
Laurens	43,211	5,277	12.00	Laurens	Abbeville, Anderson, Greenville, Laurens, Newberry, Spartanburg and Union
Little River	12,554	1,952	6.43	Abbeville	Abbeville, Anderson, Greenwood and McCormick
Lynches River	19,139	2,667	7.00	Pageland	Chesterfield, Kershaw and Lancaster
Marlboro	6,405	1,158	5.50	Bennettsville	Dillon and Marlboro
Mid-Carolina	41,529	3,330	12.47	Lexington	Aiken, Lexington, Newberry, Richland and Saluda
Newberry	11,254	1,377	8.17	Newberry	Fairfield, Laurens, Lexington and Newberry
Palmetto	51,721	2,548	20.50	Ridgeland	Allendale, Beaufort, Hampton and Jasper
Pee Dee	28,004	3,589	7.80	Darlington	Chesterfield, Darlington, Dillon, Florence, Lee and Marion
Santee	41,424	5,164	8.02	Kingstree	Clarendon, Florence, Georgetown and Williamsburg
Tri-County	16,880	2,454	6.90	St. Matthews	Orangeburg, Calhoun, Richland, Lexington, Kershaw and Sumter
York	30,833	2,910	10.04	York	Cherokee, Chester, Lancaster and York
TOTALS	594,436	62,216			

electric cooperatives serving 435,013 customers in 38 of the state's 46 counties.

Upstate Cooperatives Welcome Arrival of Santee Cooper Power

"I feel like our members will be provided reliable and dependable service at an economic rate through our partnership with Santee Cooper providing our generation," said Charles Compton, president and chief executive officer of Saluda River Electric Cooperative.

He said the benefits of Santee Cooper's lower-cost power should also provide the five Upstate electric cooperatives a resource

for attracting new industrial customers and expansion by existing customers.

"Any way you look at it," he said, "the partnership with Santee Cooper will enhance our ability to meet the needs of our customers with the best service possible."

Santee Cooper is working closely with Central, Saluda River and all 20 of the state's electric cooperatives in a powerful partnership that is committed to generating and delivering reliable, low-cost energy and the best service possible to almost half of South Carolina's population.



"A Powerful Partnership" is at the center of a new logo being applied to a line truck by Todd Rush, line technician with New Horizon Electric Cooperative. The decal identifies Santee Cooper POWER as the source of energy for Saluda River Electric Cooperative, for which New Horizon provides transmission services.



Bill McCall, Executive Vice President and Chief Operating Officer, Santee Cooper

This "powerful partnership" has truly entered a new era, with about 60 percent of the energy Santee Cooper sells flowing through electric cooperatives to their approximately 600,000 customers in every county in South Carolina.



DEREGULATION: SOUTH CAROLINA IS A LONG WAY FROM CALIFORNIA

Energy Update

The critical electricity supply situation in California has many people wondering how the West Coast can be experiencing such turmoil, high costs and uncertainty. Meanwhile, customers and electric utilities elsewhere are assessing the evolving crisis and asking the question, "Can it happen here?"

California's Legislature deregulated their electric utility market three years ago. At the time, taking the plunge into the brave new world of competition was touted as the way to encourage more power providers to enter the state. Free-market economists boldly predicted electric rates would fall in the process.

But an unfortunate thing happened on the way to the laissez-faire flow of electrons. The result has been rolling

blackouts, rates to the consumer in many cases tripling and a chilling effect on economic development. This culminated earlier this year in the Chapter 11 bankruptcy filing of one of the nation's premier electric utilities. These were the harsh and ugly realities of deregulation. To the residents of the Golden State, it's a sobering experience.

The bottom-line assessment was delivered by Gov. Gray Davis on Jan. 8 when he

addressed the energy crisis before a joint session of the California Legislature and declared the state's experiment with electricity deregulation a "colossal and dangerous failure."

He pledged to spend \$1 billion on a public power initiative and conservation drive aimed at cutting consumption by 7 percent and vowed to seize privately owned power plants if necessary to prevent blackouts.

"California's three-year-old deregulation scheme," Davis declared, "has resulted in skyrocketing prices, price-gouging and an unreliable supply of electricity — in short an energy nightmare."

Davis' assessment was months before conditions worsened and Californians experienced the series of rolling blackouts, runaway power prices and growing uncertainty throughout one of the nation's most vibrant business environments.



*John H. Tiencken Jr.
President and Chief Executive Officer*

As South Carolinians watched, they wondered... could it happen here?

"Is this repeatable for us?" asks John Tiencken, Santee Cooper president and chief executive officer. "My belief is no."

To contrast the situation, one must understand events leading up to the California fiasco. It affected and still affects investor-owned utilities there. But publicly owned systems, exempt from the California "experiment," have continued to supply their customers with reliable power at reasonable rates.

As for the privately owned utilities, they enthusiastically supported deregulation. Central to the deregulation process was one important requirement: the power companies 'sold the farm,' meaning they sold their generation assets to largely out-of-state interests. That fact, coupled with not enough power generated in-state to begin with, laid a foundation for future problems.

"About 18 percent of the power Californians use is imported," Tiencken says. "And usage has increased 10 percent over the last 10 years. Santee Cooper has never relied on other utilities to supply our basic

power needs. As a rule, utilities in our region have been self-sufficient.

"The threat of deregulation and the move to sell off existing generation to the highest bidder slowed construction of new power plants. And California is a state with a well-deserved reputation for opposition among citizens and organized groups to block the permitting of new generating stations—primarily in the name of environmental protection. It's probably the ultimate 'not in my backyard' state.

"The utilities apparently decided that generation was not one of their core competencies going into a deregulated world. There hasn't been a large-scale power plant built in California in the last 10 years. If you put off doing what you need to do generation-wise for three or four years, you will have shortfalls when demand gets high."

These two factors, the selling of generation assets and no new power plants with the backdrop of the roaring '90s economy demanding more and more electricity, set the stage for disaster after deregulation was implemented.

"It was clearly a botched deregulation plan," Tiencken says. "Coupled with the self-inflicted wounds were some contributing factors which clearly could not have been avoided: a drought resulting in reduced hydroelectric generation; the failure of a natural gas pipeline at a time of high power demand; and the increased demand for natural gas coupled with increased price for natural gas in a state where it's used to generate power; these all greatly contributed to their problems."

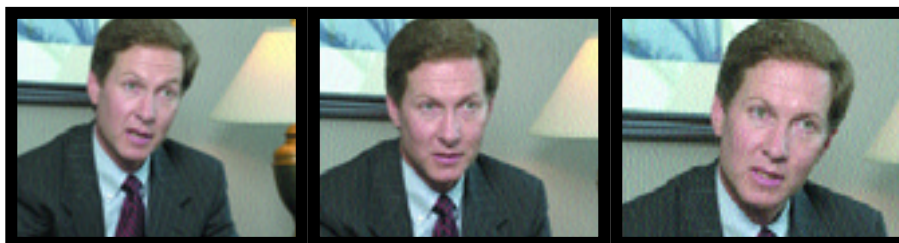
As for Santee Cooper's customers, there is no reason to be alarmed.

Tiencken says Santee Cooper has adequate supplies of power this summer. Prudent planning is paying off. The new 800-megawatt Rainey Generating Station is one example. More generation is on the way, including related electrical infrastructure, not only from Santee Cooper, but also from other utilities in the state and Southeast.

"There is no doubt the California debacle has caused our legislators, both at the state and federal level, to pause," Tiencken said. And they should. I know there are those who philosophically embrace deregulation for well-intended reasons. But people come first. Philosophy comes second."

He points out that in the other states such as Pennsylvania, where so-called deregulation has resulted in customer choice, only a small percentage of customers have switched power providers, but miniscule power savings, if any, have actually been realized.

And for some consumers, while "choice" is a law on the books, they really



have no choice at all. That's because the incumbent or existing power companies typically have no competition. For-profit companies have simply not set up shop in states where it's not worth their while.

"Because South Carolina is a low-cost state," Tiencken says, "the free-market model and promises of increased customer choice and thus significant savings for ratepayers are simply not achievable now — if ever."

Tiencken believes having a diversified fuel mix of coal, gas and nuclear generation will serve Santee Cooper well. But he points out challenges loom large on the electric horizon.

"Is the price of electricity going to go up?" he asks. "Predictions are that energy costs across the United States will rise.

Coal and natural gas prices have increased

so that the cost of power production has also gone up. Environmental costs are going to hit the Southeast requiring billions of dollars of expenditures on coal plants. Responding to these changing conditions, we will do everything we can to hold down the increased costs to our customers. Our role will not change. We are going to continue to be a utility providing low-cost power and good customer service. We're going to be around for the long haul."



35,000 SEVENTH-GRADERS DO THE “WRITE THING” FOR THE ENVIRONMENT

Statewide writing competition has planted seeds of environmental awareness for young South Carolinians

It all started 11 years ago with the first Santee Cooper Environmental Essay Contest. The idea was, and still is, to educate South Carolina’s young people about the importance of environmental stewardship. The contest is open to all seventh-grade students in South Carolina.

Students Made Environmental Effort a “Big Success”

“When we started the contest, we had no idea it would be as popular as it is,” said Beth Fondren, a Santee Cooper senior corporate communications specialist and coordinator of the annual contest. “The first year we were so overwhelmed with entries that it took us two days to conduct the initial judging.”

Since the contest began in 1991, there has been a 50 percent increase in the number of entries. That’s a total of over 35,000 of the state’s seventh-graders who have written and submitted essays.

“The Santee Cooper Environmental Essay Contest is a great educational opportunity for students,” said Lena English, a teacher at Williams Middle School in Florence. “It teaches them writing and research skills while educating them about environmental issues. I’m proud to have had several winners in this contest.”

Teachers say they like to participate in this contest because it is well organized. “This was our first year participating in the contest,” said Lauren Moore, language arts



2001 Environmental Essay Contest Poster

teacher at R.C. Edwards Middle School in Central and teacher of this year's winning essayist. "The posters provided to each student contained much of the information needed to get started and made a wonderful motivational tool. Santee Cooper has created a contest that we will take part in year after year."

Procedure Begins With Putting Pencil to Paper

The contest is conducted in January and February of each year. Work begins many months before selecting a topic, developing a creative approach, coordinating printed materials, executing correspondence with schools, coordinating judges, ordering prizes and many other details.

To begin the judging, essays are grouped according to the six congressional districts in South Carolina. Judging takes place in three phases. First, a panel of Santee Cooper employees along with representatives from NS&G (Santee Cooper's advertising agency) screen the essays to ensure that they have followed the rules of the contest such as length of the essay and answering all of the questions.

Those essays are then judged by a panel of six middle school teachers. They narrow the field to about 10 essays per congressional district.

The last 60 essays are sent to three expert judges located across the state. The essays are judged on content, originality,

1999 Environmental Essay Contest Poster



writing style, grammar, punctuation and spelling. The essay with the most points is awarded the statewide grand prize. Then, first and second-place winners are selected for each of the state's congressional districts. That makes a total of 13 winners from across the state.

Topics Ranged From "Wetlands" to "What is the World Coming to?"

It's not difficult to develop topics for Santee Cooper's contest. People are faced with environmental issues every day. Is the water I'm drinking safe? Is today recycling day? Why do people litter?

Topics for the contest have run the gamut. Past topics of the contest are:

- 1991 When It Comes to The Environment, It Pays to Think.
- 1992 Fish For Environmental Knowledge and Be a Winner.
- 1993 The Trees Need Your Help. Write Now!
- 1994 Clean Air for Life.
- 1995 Wetlands: The Hidden World.
- 1996 Endangered Wildlife: Because Extinction is Forever.
- 1997 Renewable Energy Resources: For a Powerful Tomorrow.
- 1998 Paper vs. Plastic: The Recycling Bout of The Century.
- 1999 X-Stream Essay: So What's Your Solution to Water Pollution?
- 2000 What's the World Coming To?
- 2001 Trees Wanted: Dead and Alive.



1998 Environmental Essay Contest Poster

Winners Treated to Awards Luncheon

In May of each year, the winners along with two guests, are invited to a special awards luncheon at Wampee, Santee Cooper's Training and Conference Center. At the luncheon, the winners and their guests meet with and receive their awards from the Santee Cooper board member from their congressional district.

The statewide winner receives a \$500 U.S. Savings Bond, a trophy and a framed certificate. Each of the first- and second-place winners receives \$200 and \$100 U.S. Savings Bonds, respectively, along with trophies and framed certificates. In addition, each of the winners' schools receives matching cash awards.

Enthusiasm and Ideas from Students Provide Fuel for Future

The contest has evolved over the years. There have been many enhancements. "One year, we took some advice from one of our essayists," said Fondren. "That particular year, the topic was tree conservation. The student asked why we publicized the contest with posters and brochures. The next year, we combined the brochure and poster into one printed piece."

Plans are in the works for more changes to next year's contest. "Although this is a very successful contest, we want to make it more enticing for both the teachers and the students," said Fondren. "We already have the topic for next year's contest, but we're not telling until the fall. I think the students are really going to like researching and writing about this topic. Keep your eyes open!"



2000 Environmental Essay Contest Poster

First- and second-place essay contest winners are selected representing each congressional district and statewide. Award winners are (Front row left to right): Joshua Arant, Andrew Jackson Middle School in Kershaw; Taylor Barnette, Blue Ridge Middle School in Greer; Andrew Sheridan, Lexington Middle School; and Ethan Allen, Bell Street Middle School in Clinton. Second row: Hannah Freedman, R.C. Edwards Middle School in Central; Jesse Miller, Bamberg-Ehrhardt Middle School in Bamberg; Savannah Edgar, St. James Middle School in Surfside Beach; Lane Jordan, Chesterfield Middle School; Dana Harmon, St. James Middle School in Surfside Beach; and Mellette Johnson, Southside Middle School in Florence.





AND THE WINNERS ARE: SOUTH CAROLINA'S ENVIRONMENT AND HANNAH FREEDMAN

Hannah Freedman hailed as Santee Cooper environmental essay contest winner

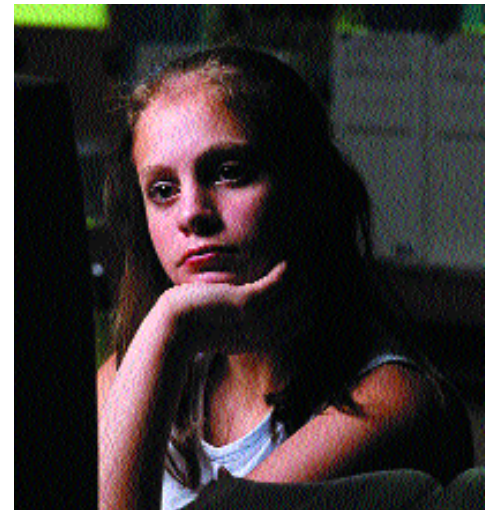
They all started with pencil and paper in hand. They all had the poster containing the topic and rules within view. They all pulled out research books and went online to gather information. But only one prevailed. She beat out about 3,000 other South Carolina seventh-graders to win the 2001 Santee Cooper Environmental Essay Contest.

The winner was Hannah Freedman, a student at R.C. Edwards Middle School in Central. She's the daughter of David Freedman and Susan Peirce of Clemson. Her teacher is Lauren Moore.

*The topic of this year's contest was *Trees: Wanted Dead and Alive*. Students were asked to answer the following questions:*

- 1. How do trees fit into the earth's ecosystem?*
- 2. Discuss how you as an individual can keep trees strong and plentiful.*
- 3. How can society balance its need for forest products and its concern for the environment?*

Hannah's essay received the highest marks from all of the judges. Following is her essay:



ANOTHER SEASON PASSED, ANOTHER YEAR GONE

The sun quietly snuck up over the horizon, and the wind rattled the stiff branches of the tree. A crisp leaf floated to the ground, signifying the tree's first leaf lost, bringing it closer to the desolate winter months when

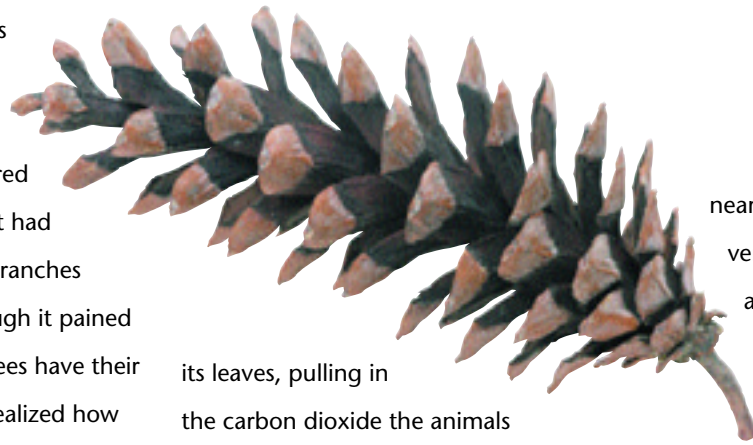
it would struggle to stay alive. The tree had gnarled branches, aged from the many years it had stood upon this ground. It had lived in this forest forever, the seasons quietly coming, quietly going.

Many animals had found their homes among the tree's leaves, or in a hole along its thick trunk throughout the years. It loved to know that it could be offering shelter to an animal whose species may not

have made it, and things like that pleased the tree most of all.

The whir of a blade could be heard in the distance, for the loggers were once again harvesting wood from the forest. Each year before, the men had spared the tree's life, so each spring it had awoken to the saplings' first branches reaching for the sky. And though it pained the tree to see the younger trees have their lives come to an end, it also realized how utterly important the lumber was for humans. Not only did trees provide jobs for more than 30,000 people working in about one thousand firms in the state, but trees and wood are the most useful, readily renewable resource.

The tree gave a long sigh, and its branches trembled. A lone bird landed lightly upon an outstretched branch and began its melodious song as the sky's hues turned from a pink to a baby blue. The tree took another deep breath through



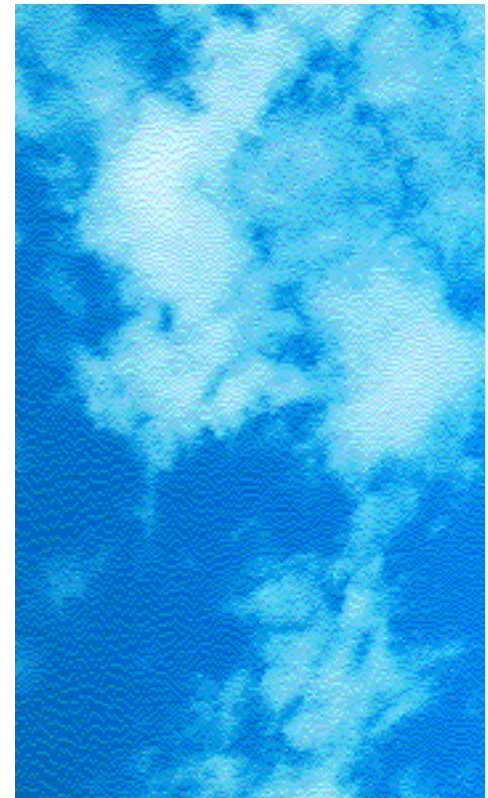
its leaves, pulling in the carbon dioxide the animals had breathed out, and pushing out a huge quantity of oxygen, which would mingle with the other elements in the air for the animals to breathe.

The tree blocked out the cries of the younger trees echoing throughout the valley below as their lives were quickly put to an end. The tree wasn't as angry as it would have been, for it knew that a clear-cut forest, if properly regenerated, can be as productive in terms of food for wildlife, as the most intensely managed farm.

The creek beside the tree's sturdy roots gurgled happily with a subtle rhythm. It had begun to flow more slowly lately as the temperatures were dropping. The waters

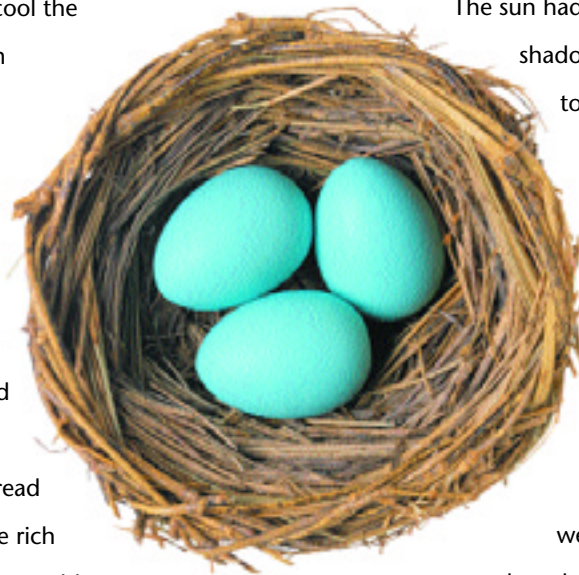
near the forest, as the tree knew, were very clean, for trees have the uncanny ability to clean water and air, and to stabilize the soil.

A strong wind rushed through the branches, sending the fallen leaves twirling in a brisk flurry. The tree thought to itself what the area was like without the little trees, and how much hotter it

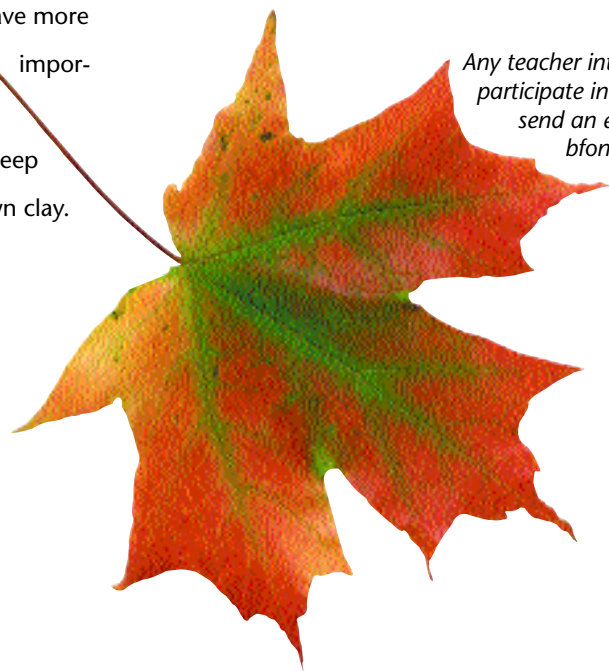


seemed. After all, trees help cool the air, and there can be as much as a 10 degree drop in the forest.

The cool air playfully teased its branches as it blew between them, and the tree shivered, the leaves floating from its branches and into the breeze. The tree watched as the warm sun spread some of its last rays across the rich valley. It thought to itself, how could people balance their need for lumber with the need for live trees? It nodded to itself. Sustainability would probably work and then they could try to save more of the valuable old growth forests, and have more national parks. Selective cutting would be an important part of the process to ensure less erosion. The tree watched as a squirrel buried its acorns deep beneath the leaves and the packed, auburn-brown clay.



The sun had begun its descent over the pink horizon, casting long shadows as it went. The tree's thoughts began to drift back to people. One person could help trees by involving their communities in Arbor Day. That way, more trees would be planted each year. It was a good idea, even if the U.S. already has 30 percent more trees planted each year than harvested. Humans could also recycle paper and cardboard, to try and cut back the demand for trees. The tree felt a rumble at its roots as the machines came rolling slowly up the hill. The cries were now impossible to block out. The tree watched, though not in total horror, as a truck came for its trunk. Its time had come. As it felt the cold metal pierce its bark, the tree drifted silently away. Another season passed, another year gone.



Any teacher interested in having their students participate in next year's contest should send an email message to bfondren@santecocooper.com.



Among the steeply sloping red-clay hills of western Anderson County, the \$397 million John S. Rainey Generating Station has risen on a prepared plateau of progress. It is being constructed by

Announced in Anderson on Feb. 17, 1999, the 800-megawatt station will use natural gas as its fuel, Santee Cooper's first venture into gas-fired generation. A large interstate pipeline is in close

Construction on the power generation units officially began April 18, 2000. That was 61 years to the day from the date construction began on Santee Cooper's original hydroelectric and navigation project

New Power Source Rises from the Red Hills of the Upstate

PLANTING SEEDS OF GROWTH IN THE PIEDMONT



Santee Cooper, South Carolina's state-owned electric and water utility and the largest provider of electric power in the state.

Platoons of blue-helmeted construction workers, peaking at 901 in April and numbering 400 to 500 this summer, labor diligently at a site along the Savannah River and less than one mile below the Hartwell Dam. As the crow flies, it's only two miles from the Georgia state line.

proximity to the plant. One portion of the plant, 500 MW, will have combined-cycle generation with the remaining 300 MW comprised of two 150-MW simple-cycle units.

"Testing will begin this fall with the projected date of commercial operation Jan. 1, 2001," said Dickie Thorndyke, station manager. "The combined-cycle portion will go online first, followed by the two 150-MW units in by May 2002."

in Berkeley County. That project signaled the beginning of Santee Cooper, which created lakes Marion and Moultrie, the state's largest freshwater resource.

At the Anderson County site near the towns of Starr and Iva, work has proceeded on Santee Cooper's newest generating resource on an around-the-clock basis.

"Overall, we're on schedule," said Project Manager Jack Holder. "The site preparation process involved moving close

to 1 million cubic yards of soil and putting it in a different location on-site, due to the differences in elevation."

The Lowcountry it isn't. The site's nearly 200 acres is about 600 feet above mean sea level, and variations in elevation are certainly noticeable. For example, the guard shack at the station's entrance is 650 feet, while the switchyard is 620.

Speaking of the switchyard, power will leave that facility and travel via a new 29-mile-long electric transmission line to an

existing switching station in Greenwood County. From there the power will enter Santee Cooper's electrical grid.

The massive project features numerous contractors and subcontractors, all supplying jobs for the Anderson County economy. The station will be operated and maintained by approximately 25 full-time employees.

"General Electric Power Systems is supplying and installing all structures, generating equipment and transformers in

the power-block area," said Holder. GE personnel are on-site. The turbines were built in Greenville.

But between now and completion of the project, a steady stream of trucks, from cement mixers to flatbed tractor trailers, carrying essential materials, will continue their trek to the site on Opry House Road. A year ago, this thoroughfare served a few residents who mostly work in nearby Anderson, Greenville or across the Savannah River bridge in Hartwell, Ga.

Santee Cooper is the second public power arrival to the neighborhood. The station is practically going up in the shadows of the Hartwell Lake Dam, a five-unit, 344-MW project completed in 1962 by the U.S. Army Corps of Engineers. When all units at the Rainey Station go

They See New Power Source As Good News For The Upstate

Jerry Howard, Director—Anderson County Economic Development

"The Upstate economy and the livelihood of our residents is greatly influenced by manufacturing. The presence of Santee Cooper in Anderson will only enhance one of our strongest marketing tools and introduce a very desirable competitive element, which will result in an overall upgrade for our prospects by giving them a wider choice in purchasing power. Santee Cooper will have a very positive impact on Anderson, and we look forward to working with them."

Peter Arnoti, Executive Director—Greenwood County Economic Development Alliance

"New, reliable and cost efficient electric power capacities will benefit South Carolina's economic development opportunities. Santee Cooper's power generating investments could not be more timely, given the utility challenges facing other parts of this country."

Rick Cauthen, Vice President of Economic Development—Greenville Chamber of Commerce

"This is extremely important as we continue to recruit electrical power-intensive industries to Greenville, such as high technology industries. These industries include pharmaceutical, biotech, electronics, semiconductor, e-commerce server farms and telecommunications to name a few. These benefits to economic development are supplemented by the fact that the Rainey Station is an environmentally friendly and safe source of power using natural gas as the fuel source."

Carter Smith, Vice President of Economic Development—Spartanburg Area Chamber of Commerce

"The John S. Rainey Generating Station will demonstrate to prospective and existing companies the upstate area's ability to provide quality electricity to their operations. With Rainey Station coming on line it will continue to keep Spartanburg County in the forefront for economic development."



"The Rainey Generating Station will have a positive effect on our town," says Iva Mayor Shirley Powell. "The location of the plant in our area has created a renewed sense of community pride and accomplishment. The plant will serve as a tangible indication of growth and progress in our community."



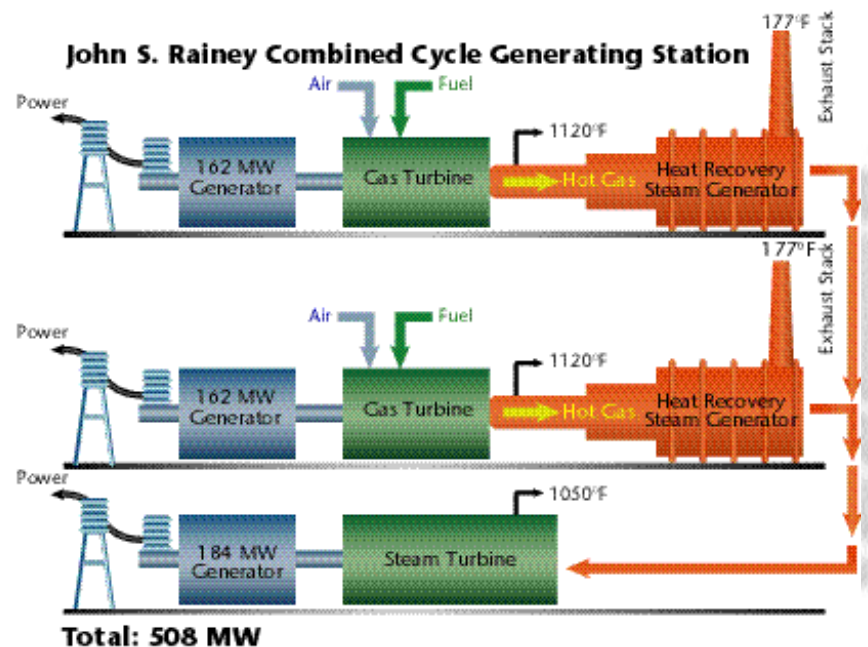
One of the two gas turbines sits on a pad awaiting installation.

online, enough electricity will be generated to light up and meet the energy needs of more than one million average size homes.

"Fact is, a large portion of that power will be flowing to more than 160,000 customers served by five electric cooperatives located through the South Carolina Piedmont," says Santee Cooper Executive Vice President and Chief Operating Officer Bill McCall.

"It is fortunate we were able to build the Rainey Station so close to the people who will be using the power. And it's also great to become a part of the Upstate, where some impressive growth, development and opportunities are taking place."

The Rainey Station will offer a new source of power for economic growth and development throughout the Piedmont and that's what interests the professionals who are working in that area to attract new business and industry.



Enthusiasm for the new source of power for South Carolina's Upstate is shared among economic development professionals who recognize its potential for helping generate economic growth and development — measured in new jobs and investments.



Project Manager Jack Holder and Rainey Station Manager Dickie Thorndyke look over site plans for new combined cycle unit.

About John S. Rainey: John S. Rainey, for whom the station is named, is an Anderson native and served on the Santee Cooper Board of Directors from 1987 to 2000. From 1990 to 2000 he served as chairman of the board.



SANTÉE COOPER POWERS THE MAGNETIC “NUCOR EFFECT”

How America's largest steel producer is casting hot metal and economic magnetism in South Carolina's Lowcountry.

In March 1995, Nucor Steel President Kenneth Iverson stood in the auditorium of Santee Cooper's corporate headquarters. The room was packed with public officials, reporters and a live local TV audience.

He was there to announce that his company would build a steel mill on the Cooper River near the Cainhoy and Huger communities in Berkeley County. He said the facility would provide 600 high-paying jobs. And he hinted that other industries would locate around the site.

As usual, the veteran steel man was right, fulfilling the promises made before an audience eager to hear good economic news in the wake of the impending closure of the Charleston Naval Base and the Charleston Naval Shipyard.

If anything, Iverson, now retired from the Charlotte, N.C.-based firm, was conservative on the impact the plant would have on the economy of the Lowcountry. Consider that since 1995 Nucor Steel-Berkeley has:

- Invested more than \$900 million in Berkeley County, \$400 million more than originally planned.
- Constructed a second caster and a beam-making mill on the site, upping the employment total to approximately 760.

- Been responsible for the “Nucor Effect,” which from 1995 to 1999 resulted in the locating of 10 new industries, two expansions, \$787.2 million in investments and 1,125 new jobs in Berkeley County.

For example, on Dec. 9, 1998, American Metal & Steel Corp. announced they would build a \$6 million, 70,000-square foot steel-pipe manufacturing facility in close proximity to the Nucor site. The steel pipe is produced from steel coils

made at Nucor and the pipes are turned into sprinkler systems.

According to information distributed at the time by the S.C. Department of Commerce, “the company was attracted in large part by the presence of Nucor Steel.” Jim Bryan, then chairman of the Charleston Regional Development Alliance, dubbed the spinoff industries, the “Nucor Effect.”

Why Berkeley County?

Nucor was looking for three things: reliable, high-quality power, deep-water access and a nearby port. Santee Cooper provided the power, the Cooper River provided the deep-water access, and Charleston provided the port.

“The issue of power was absolutely critical to Nucor locating in Berkeley County,” said Ben Cole, Santee Cooper’s



Rolls of Nucor-Berkeley sheet metal of varying alloys, widths and thickness await shipment from the plant in Cainhoy.

The “Nucor Effect” Report Card

Industry/Date of Announcement	Investment	Jobs
1. Nucor Steel—Berkeley March 1995	\$500 Million	600
2. Huntco Steel October 1995	\$8 Million	30
3. Charleston Mill Service November 1996	\$5 Million	30
4. MG Industries November 1996	\$37 Million	55
5. Marine Terminals of S.C. November 1996	\$5 Million	30
6. Nucor Expansion March 1997	\$50 Million	50
7. Nucor Expansion April 1997	\$150 Million	200
8. Klockner Namasco November 1997	\$7.2 Million	30
9. Chrome Deposit Corp. March 1998	\$5 Million	20
10. Tull Metal Processing June 1998	\$5 Million	25
11. JM Steel Corp. December 1998	\$9 Million	25
12. American Metal & Steel December 1998	\$6 Million	30
TOTALS	\$787.2 Million	1,125 New Jobs

Source: Charleston Regional Development Alliance and Berkeley County Government

senior vice president of community development and corporate communications. Cole should know. In 1995, he was executive director of the Charleston Regional Development Alliance prior to joining Santee Cooper last year.

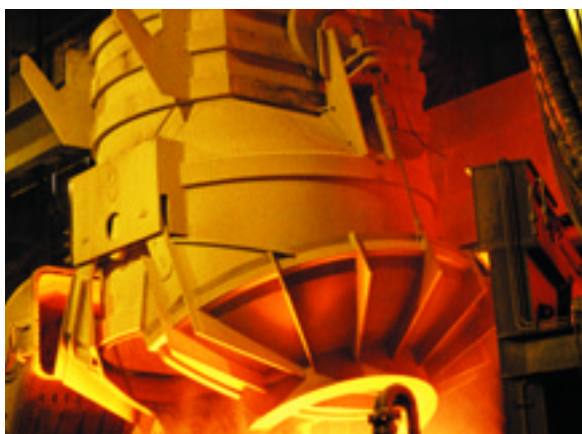
An investor-owned utility also had the ability to serve the site. But in the end, Santee Cooper prevailed — at the insistence of Iverson and because of a piece of special legislation passed by the S.C. General Assembly allowing Santee Cooper to serve Nucor directly.

It’s easy to see why Iverson wanted Santee Cooper. Santee Cooper had the generation resources to produce the power and the experience of serving the metals industry.

Santee Cooper's first customer, in fact, was Pittsburgh Metallurgical Co. in North Charleston, a ferrochrome alloy plant, located at a site just across the Cooper River from Nucor. The year was 1942, and Santee Cooper power was the plant's energy source. Ferrochrome is a key ingredient essential to the hardening of steel for battleships and tanks, an important product during World War II.

Subsequently, Santee Cooper has been the power provider for Georgetown Steel (since 1969), Alumax of South Carolina — which in 1999 was merged with Alcoa Aluminum (since 1980) and Jim Walter Metals (since 1980).

Nucor, which has other manufacturing facilities in South Carolina, reported sales last year of \$4.6 billion and a \$311 million profit.



Temperatures in the electric arc furnaces at Nucor Steel-Berkeley melt steel to 2,900 degrees Fahrenheit.

Nucor's History

Nucor Corp. is the largest steel producer in the United States and has over \$4.5 billion in sales annually. As the nation's largest recycler, Nucor transforms over 10 million tons of scrap steel annually into new product.

Nucor's origins are with auto manufacturer Ransom E. Olds, who founded Oldsmobile and then Reo Motor Cars. Through a series of transactions, the company Olds founded eventually became the Nuclear Corporation of America. Nuclear Corp. was involved in the nuclear instrument and electronics business in the 1950s and early 1960s.

The company suffered through several money-losing years, and when facing bankruptcy in 1964, installed F. Kenneth Iverson as president. This change in management led to a restructuring and a decision to rebuild the company around its major profitable operations, called Vulcraft, the steel joist businesses in Florence, S.C. and Norfolk, Neb.

The company moved its headquarters from Phoenix, Arizona to Charlotte in 1966 and expanded the joist business with new operations in Texas and Alabama. Management then decided to integrate backwards into steel making by building its first steel bar mill in Darlington, S.C. in 1968.

In 1972 the company adopted the name Nucor Corporation. Since that time, Nucor has built three more Vulcraft facilities, eight steel mills, and expanded into other steel products. Today, Nucor manufactures carbon and alloy steel in bar, sheet, and structural forms, steel joist and joist girders, steel deck, cold finished steel, steel fasteners and metal building systems.

Nucor Today

Nucor Corporation's consolidated sales for 2000 were a record \$4.586 billion, compared with \$4 billion in 1999. Nucor's consolidated net earnings were a record \$311 million (\$3.80 per share), compared with \$245 million (\$2.80 per share) in 1999.

Steel production in 2000 was 11,271,000 tons, compared with 10,376,000 tons produced in 1999. Total steel shipments were 10,980,000 tons in 2000, compared with 10,122,000 tons in 1999. Steel sales to outside customers were 9,779,000 tons, compared with 8,734,000 tons in 1999.

Steel joist production for 2000 was 613,000 tons, compared with 616,000 tons a year earlier. Steel deck sales were 353,000 tons, compared with 375,000 tons in 1999. Cold finished steel sales were 250,000 tons, compared with 243,000 tons in 1999.

Nucor Steel – Berkeley shipped 1.8 million tons of steel in 2000. Total sales for the year were \$674 million or 14.7 percent of the corporations total. The flat rolled product used mainly in the appliance industry accounted for 1.2 million tons of production in 2000, while beam production accounted for 612,000 tons last year. Projections for 2001 are to increase production by close to 20 percent. With the recent addition of a third caster, Nucor Steel – Berkeley now has the potential to produce 3 million tons annually. In producing these 3 million tons, Nucor will recycle approximately 1.75 million tons of scrap metal.

NUCOR STEEL-BERKELEY EMPLOYEES ARE A FAMILY TEAM

"Nucor-Berkeley employees share a sense of pride and purpose as they go about their day-to-day tasks of working at one of the most modern steel-making facilities in the world," says Vice President and General Manager Ladd R. Hall.

"These men and women work hard. But they will tell anyone they enjoy being part of a team with a well-understood sense of purpose resulting in an esprit de corps truly

attained by few firms in today's work environment. You can talk to any of them and you will find they are proud of what they do and where they work. You will begin to understand what the Nucor spirit is all about."

Shift Leader **Bernard Beaufort** has been at Nucor five years. A Cainhoy native, he ships flat-rolled steel loaded on railcars and on trailers of a continuing stream of trucks bound for destinations throughout the country.

"I love the people," Beaufort says. "They're family oriented. That's the only way a mill can work. A team and a family. They let you make as much money as you want to make. The more production you make, the more bonus you get. They train. If you want to take a computer class, you can take it. If we see ways to save money,



Vice President/General Manager Ladd R. Hall



Shift Leader Bernard Beaufort

we can change policy and procedures. We're working on trying to get a community center built, and Nucor helps the schools out a lot."

First Helper **Norm Howard** routinely communicates with Santee Cooper's Energy Control Center in Moncks Corner, buying massive amounts of power for the mill's No. 1 furnace. A four-year employee and graduate of The Citadel, he is the son of a Georgetown Steel retiree and knew what making steel means.

"It's in my blood I guess," says Howard. "A steel mill is the last place I thought I'd end up. But it's the kind of job I was cut out for. They take care of people and that helps me take care of my family. It's a good company. If we can find a way to make it quicker or better, we can. And with us, every minute counts. Nucor gives you all the opportunities and tools you need. They really emphasize safety. It takes every one of us to make things work right. To work at a mill like this, it's the chance of lifetime. I'm really thankful I got here when I did."

Buyer **Mary Tierney** purchases "whatever it takes to run the mill." A five-year employee, she has been impressed with the way Nucor integrates flexibility for families with the responsibilities of the job.



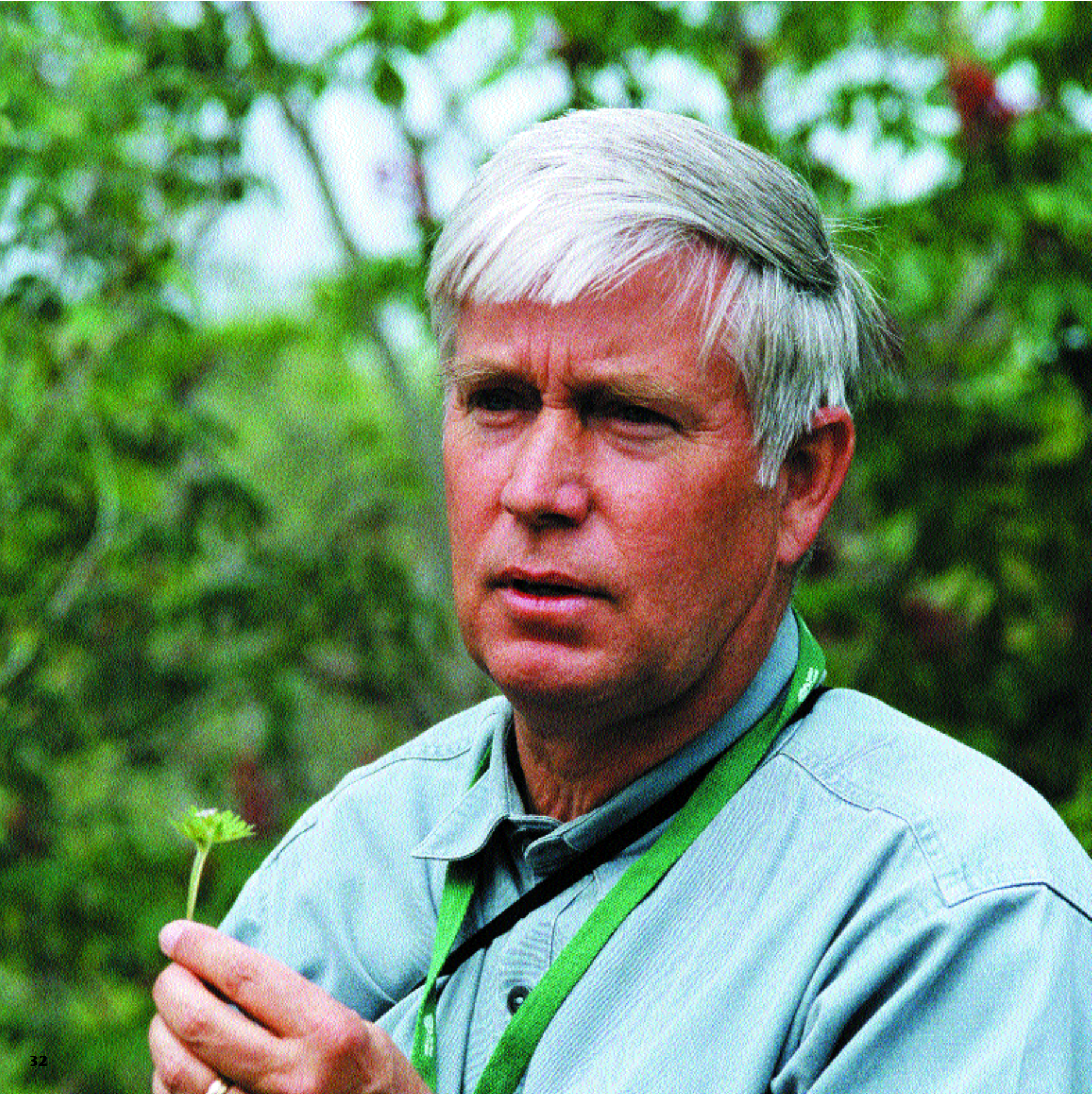
First Helper Norm Howard

"Family comes first at Nucor, the Georgia native says. "That's a tremendous thing to me, particularly as a single mom with a 12 and 13 year old. It's a very comfortable place to work. The people here will help you out any way they can. It doesn't matter who you are. They're very

involved in the community. To me, it's above and beyond. They supply computers to the schools, and they worked with BP Amoco on the EMS station. And that's the norm for Nucor. As for the people, we spend a lot of time with each other outside of work. At a lot of places, it's not like that."



Buyer Mary Tierney



RUDY MANCKE MAKES THE SCENE AT OLD SANTEE CANAL PARK

**NatureScene Naturalist takes inventory
of flora, fauna and geology**

He's one of the nation's most noted naturalists, taking discovery strolls along mountain streams, through woodlands and wetlands as well as on and off the trails in some of America's most popular parks and environmental vistas.

He's Rudy Mancke, host and weekly tour guide for millions of viewers on "NatureScene," which is produced by the S.C. Educational Television Network and aired over stations in more than 200 television markets as well as in Canada, Guam, Puerto Rico and several foreign countries.

Mancke has added an additional role to his environmental repertoire. Under a joint arrangement with SCETV, he is associated

on a part-time basis with the Old Santee Canal Park in Moncks Corner as a naturalist and as an environmental resources and program advisor.

Mancke provides input and guidance relating to educational, community and special programs aimed at schools, community organizations and environmental interest groups.

Mancke works at the park on a special-schedule basis, which allows him to accomplish major goals there and continue his role in the production of "NatureScene," for which Santee Cooper has been the prime underwriter for the past several years. He said he plans to do one of the



"NatureScene" shows at the park during the next year.

A major focus of his attention is involved in the process of identifying and cataloging the diverse array of flora and fauna in the 195-acre park.

Old Santee Canal Park, with more than two and one-half miles of boardwalks, includes a section of Biggin Swamp and encompasses the last one-mile section of the historic Santee Canal.

Constructed in 1800, the 22-mile waterway connecting the Santee and Cooper rivers was America's first true canal, one connecting two river systems. It provided an avenue of commerce for boats

“Old Santee Canal Park is such a wonderful setting and provides an environmental perspective that invites visitors to explore and understand the wonders of nature.” — Naturalist Rudy Mancke



and barges delivering cotton, produce and other goods of trade to the port of Charleston. The engineering achievement of constructing the canal, with its 10 locks and two turning basins, and its 50-year history of operation are depicted in the park's Interpretive Center, which overlooks the cypress swamp environment.

Mancke says the park's cypress swamp and nearby Cooper River, just beyond the outflow of the historic canal, offer some exciting opportunities for curious naturalists as well as the inquiring outdoor discovery buffs.

“Plants, animals, geology and the environment, they're all connected, and they all reflect nature's wonderful

process of creation, connection and recycling. Old Santee Canal Park is such a wonderful setting, and it provides an environmental perspective that invites visitors to explore and understand the wonders of nature,” says Mancke.

“There are so many common and so many unusual species of plants and animals in this setting that make it a unique experience which everyone should enjoy. It offers

something from everyone — from preschoolers and students at every level to any visitors who want to get closer to nature, understand the world we live in or just enjoy a refreshing break from the daily routine.”

Mancke's work with the Old Santee Canal Park includes helping to open new venues of awareness and understanding about the natural environment. “This is a marvelous resource for this community and for South Carolinians, and I hope to contribute to increasing the opportunities it provides and to its educational value.”



With Old Santee Canal Park's education specialists Christa Maddox and Mary Bell, Mancke pauses at a viewing station along the two and one-half miles of boardwalk that include a section of Biggin Swamp and encompasses the last one-mile section of the historic Santee Canal.

NatureScene is “Connection” Experience for Rudy Mancke

Naturalist Rudy Mancke has been with “NatureScene” since its inception in 1978. In addition to his duties as executive producer and host of the program, he is SCETV’s director of nature programming. His weekly field trips, broadcast nationwide, have earned him a legion of dedicated viewers. Mancke’s knowledge of the complex inner-workings of different ecosystems and his great admiration for the natural world make him the perfect guide.

His constant theme in each NatureScene program and in all of his numerous presentations has been that “everything in this world is connected.” He tells nationwide audiences, garden club gatherings and school groups of all ages that all living creatures in this world are involved in a constant recycling process.

“When you see that squirrel eating acorns, it’s turning acorns into squirrel, when you see a chicken eating corn, its turning corn into chicken, and when I go to lunch today, I’ll probably be



Naturalist Rudy Mancke, Producer/Cameraman/Editor Allen Sharpe and NatureScene Host Jim Welch stand atop Haleakala (House of the Sun), a large dormant volcano on the Hawaiian Island of Maui.

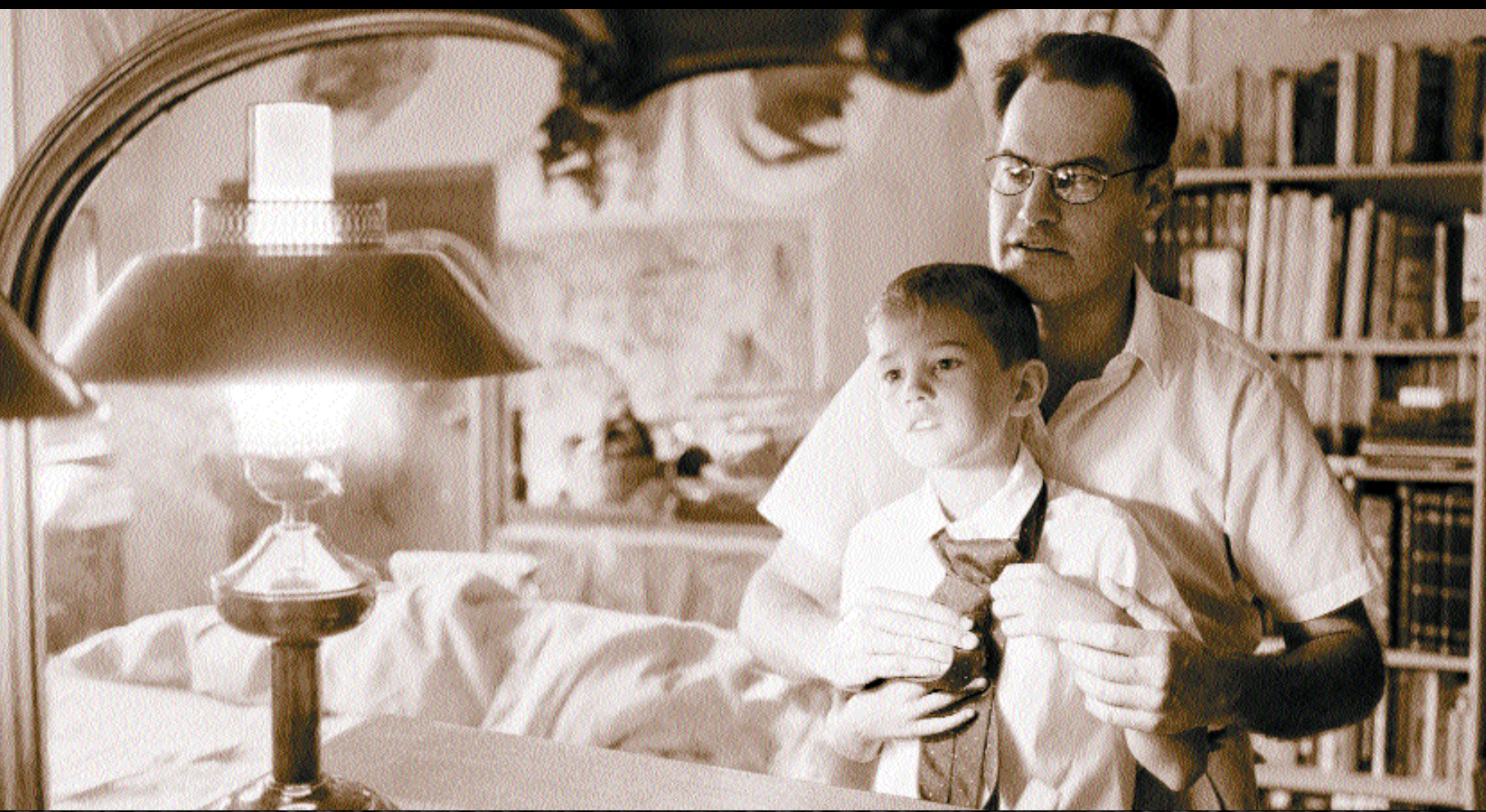
turning chicken into Rudy Mancke. So, you see, we’re all connected.”

The National Wildlife Federation and the Garden Club of America have honored Mancke’s commitment to resource conservation with special awards. He writes articles and pamphlets about the environment and maintains a demanding schedule as a public speaker.

Before coming to TV, Mancke served as the natural history curator at the South Carolina State Museum for 10 years and

was a high school biology and geology teacher. He earned a B.S. degree at Wofford College, holds a masters from the University of South Carolina and has received honorary doctorate degrees from the College of Charleston, Winthrop College and Wofford College.

Questions about the World We Live In? Send them to Rudy. He can be reached on the internet at mancke@scetv.org



Was there anything different about your electricity this morning? Or for that matter, any morning since the New Year began? If you are a member of an electric cooperative in the Upstate, there is a big difference. The source of your electric power is now Santee Cooper. • Santee Cooper power began

6:45 A.M. 01-01-01—NOBODY NOTICED THE SWITCH.

flowing to Blue Ridge, Broad River, Laurens, Little River and York Electric Cooperatives on New Years Day, 2001. Santee Cooper is South

Carolina's publicly owned utility, and it has provided dependable power at some of the lowest rates in the nation to 15 electric cooperatives across the state for more than 50 years. Santee Cooper also serves customers directly in Horry, Georgetown and Berkeley counties. In all, Santee Cooper now provides power to more than 1.6 million people across South Carolina.

 **Santee Cooper. POWER**
www.santeecooper.com